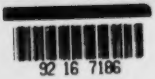

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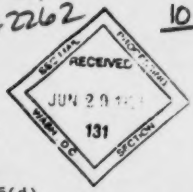

FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

QUARTERLY REPORT UNDER SECTION 13 or 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarter ended
May 31, 1992

Commission file number
0-2749

DISTINCTIVE DEVICES, INC.
(Exact name of registrant as specified in its charter)

New York	13-1999951
(State of Incorporation)	(I.R.S. Employer ID No.)
1324 Motor Parkway, Hauppauge, New York	11788
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number: (516) 348-0300

(Not applicable)
Former name, former address and former fiscal year, if changed since last report.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter periods that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes X. No ___.

3,894,912 shares of registrant's common stock, par value $.05 per share, were outstanding as of June 19, 1992.

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DISTINCTIVE DEVICES, INC. AND SUBSIDIARIES

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

DISTINCTIVE DEVICES, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

	May 31, 1992 (Unaudited)	February 29, 1992 (Audited)
ASSETS		
Current Assets		
Cash	$ 23,317	$ 15,968
Marketable securities, pledged	123,114	121,020
Accounts receivable	134,292	177,075
Inventories		
Finished goods	50,221	43,090
Materials and supplies	102,944	98,910
	153,165	142,000
Prepaid expenses	924	1,800
Total Current Assets	434,812	457,863
Property and Equipment		
Equipment and tooling	28,124	28,124
Transportation equipment	17,423	17,423
Furniture and fixtures	5,903	5,903
	51,450	51,450
Less accumulated depreciation	46,666	45,969
	4,784	5,481
Intangible Assets		
Patents and trademarks	9,024	9,024
Capitalized purchase costs	2,120	2,120
	11,144	11,144
Less accumulated depreciation	7,524	7,374
	3,620	3,770
Deposits	300	300
	$443,516	$467,414

The accompanying notes are part of the financial statements.

DISTINCTIVE DEVICES, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

	May 31, 1992 (Unaudited)	February 29, 1992 (Audited)
LIABILITIES AND SHAREHOLDERS' DEFICIENCY		
Current Liabilities		
Notes payable to bank	53,788	87,906
Accounts payable	32,140	46,941
Accrued expenses	12,965	1,868
Due related parties	107,321	106,291
Installment note payable	19,796	18,990
6½% subordinated debentures, subject to compromise	446,000	446,000
Interest payable on debentures, subject to compromise	449,927	449,927
Total Current Liabilities	1,121,937	1,157,923
Commitments and Contingencies-- Notes A, C and F		
Shareholders' Deficiency		
Preferred stock, $1 par value (Liquidation preference $10 per share) Authorized shares: 1,000,000 Issued and authorized shares-- 17,550 in 1992 and 1991	17,550	17,550
Common stock, $.05 par value Authorized shares: 20,000,000 Issued and outstanding shares-- 3,894,912 in 1992 and 1991	194,746	194,746
Additional paid-in capital	523,330	523,330
Accumulated deficit	(1,414,047)	(1,426,135)
	(678,421)	(690,509)
	$443,516	$467,414

The accompanying notes are part of the financial statements.

DISTINCTIVE DEVICES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

(Unaudited)

	Three months ended May 31,	
	1992	1991
Net sales and royalties	$214,716	$188,758
Costs and expenses:		
Cost of goods sold	148,243	125,120
Selling and administrative	56,433	52,360
	204,676	177,480
Income from operations	10,040	11,278
Non-operating income	2,941	2,984
Interest expense, net	(893)	(520)
Net Income	$ 12,088	$ 13,742
Per share data:		
Net Income	$.003	$.004

The accompanying notes are part of the financial statements.

DISTINCTIVE DEVICES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

	Three months ended May 31	
	1992	1991
Operating Activities		
Net income	$ 12,088	$ 13,742
Adjustments to reconcile net income to cash flows from operating activities:		
Depreciation and amortization	847	1,740
Decrease in accounts receivable	42,783	65,519
(Increase) decrease in inventories	(11,165)	67,768
Decrease in prepayments	876	2,680
Decrease in accounts payable and accrued expenses	(3,704)	(9,897)
Increase in amounts due related parties	1,030	
Cash from Operating Activities	42,755	141,552
Investing Activities		
Increase in marketable securities	(2,094)	(2,072)
Cash used by Investing Activities	(2,094)	(2,072)
Financing Activities		
Proceeds from short-term borrowing	61,288	53,992
Repayments of short-term borrowings	(95,406)	(130,420)
Increase in installment note payable	806	
Cash used by financing activities	(33,312)	(76,428)
Increase in cash	7,349	63,052
Cash at beginning of period	15,968	6,912
Cash at end of period	$23,317	$69,964

The accompanying notes are part of the financial statements.

DISTINCTIVE DEVICES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

May 31, 1992

NOTE A - BANKRUPTCY PROCEEDING AND CONTINUING OPERATIONS

In fiscal 1978 the Company became delinquent in payment of interest on outstanding subordinated debentures (Note C) constituting a condition of default under the related indenture agreement which has continued to date. The debentures matured December 1, 1983 and the Company has been unable to pay or refund this obligation. On March 14, 1990 the trustee for the debenture holders filed suit to recover on the debentures and on April 3, 1990 the Company filed a voluntary petition for protection under Chapter 11 of the Bankruptcy Code. The matter is pending. Neither of the Company's subsidiaries is a party to the bankruptcy proceeding.

In view of matters described in the preceding paragraph survival of the Company is dependent upon results of operations of its subsidiaries and its ability to present to creditors an acceptable plan of reorganization under the Federal Bankruptcy Code (Note F).

NOTE B - BASIS OF PRESENTATION

The accompanying unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X and contemplate continuation of the Company as a going concern. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments considered necessary for a fair presentation have been included. Operating results for the three-month period ended May 31, 1992 are not necessarily indicative of results that may be expected for the year ending February 28, 1993. For further information refer to the consolidated financial statements and footnotes thereto included in the Company's annual report on Form 10-K for the year ended February 29, 1992.

NOTE C - SUBORDINATED DEBENTURES DUE DECEMBER 1, 1983, IN DEFAULT

At May 31, 1992 and February 29, 1992 there remained outstanding $446,000 principal amount of previously convertible subordinated debentures due December 1, 1983, in default as to principal due since maturity and as to interest payable since December 1, 1977. Unpaid interest aggregating $449,927 was accrued to April 3, 1990, the date when the Company filed a Chapter 11 bankruptcy petition (Note A). Management ceased accruals thereafter since ultimate

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS . . . . . continued

payment is unlikely. Unpaid principal and interest amounts are recorded as current liabilities in the financial statements. The obligations are subordinated to all senior debt, as defined by the related Indenture agreement.

NOTE D - INCOME TAXES

No provision is made for taxes payable on net income as the Company has available relatively substantial net operating loss deductions.

NOTE E - INCOME PER COMMON SHARE

Income per share of common stock is based on the average number of shares outstanding during the periods presented.

NOTE F - PLAN OF REORGANIZATION AND ISSUANCE OF ADDITIONAL SHARES OF COMMON STOCK

The parent company's proposed plan of reorganization (note A) has been submitted to the Bankruptcy Court. If found by the Court to conform to provisions of the Federal Bankruptcy Code, it will be submitted for approval to parties whose claims would be impaired by the plan. If the plan is adopted, up to an additional 1,300,-000 shares of the Company's authorized and unissued common stock may be issued to claimants.

* * * * * *

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Revenues for the three-month period ended May 31, 1992 rose 14% compared to the same period a year earlier. Cost of goods increased to 69% of sales in the latest quarter compared to 66% a year earlier, reflecting higher material costs. Selling and administrative expenses were up 8% in the quarter ended May 31, 1992 compared to a year ago, reflecting continuing expenses related to the pending bankruptcy proceeding and the litigation discussed in Item 1 of Part II of this Report.

As a consequence of the foregoing changes and legal expenses, operating income was $10,040 in the quarter ended May 31, 1992 compared to $11,278 in the same period a year earlier and net income in the latest reporting period was $12,088 compared to $13,742 a year ago.

Excluding debenture and related unpaid interest debt, consolidated working capital at May 31, 1992 exceeded $200,000 which is adequate, when supplemented by an available bank credit facility, to handle foreseeable sales activity and legal expenses. Operations are conducted solely by the subsidiary companies, neither of which is a party to Registrant's bankruptcy proceeding.

Bankruptcy Proceeding and Plan of Reorganization

As reported in Note F to the accompanying financial statements, Registrant's proposed reorganization plan has been filed with the Bankruptcy Court. It is believed that the Court will review the plan in July 1992 and, if acceptable, it would be submitted shortly thereafter to claimants impaired by the plan's provisions, for their approval.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

As described in Note A to the accompanying financial statements, suit was commenced against Registrant on March 14, 1990 to recover unpaid principal and interest due on its outstanding debentures. Registrant responded by filing a Chapter 11 bankruptcy petition on April 3, 1990, which effectively stays the lawsuit. The suit seeks recovery of $446,000 principal amount of debentures and interest thereon from June 1, 1977 at the rate of 6½% per annum. For further information see Notes A, C and F to the accompanying financial statements.

In November 1991 a judgment was entered in Oregon against Registrant's subsidiaries in an amount approximating $20,000, representing principal and interest due on an installment note issued in 1988. The decision has been appealed. The plaintiff-noteholder in the Oregon action is a defendant in a separate action commenced by one of the subsidiaries in Florida in July 1991. The same parties have been engaged in a protracted federal trademark contest since Feburary 1990.

Item 3. Defaults Upon Senior Securities

Information contained in Notes A and C to the accompanying financial statements, with respect to Registrant's default on principal and interest payable on account of its outstanding subordinated debentures, is incorporated herein by reference.

Item 6. Exhibits and Reports on Form 8-K

No reports on Form 8-K were filed by Registrant during the three-month period ended May 31, 1992.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

DISTINCTIVE DEVICES, INC.

Date: June 23, 1992

by: _____
Earl M. Anderson, Jr.
President and Principal
Executive Officer

Date: June 23, 1992

by: _____
James R. Hawk
Treasurer and Principal
Accounting Officer